Pacific Empire
Minerals Corp.

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED JUNE 30, 2018

Unaudited – Prepared by Management

(Expressed in Canadian Dollars)

Pacific Empire Minerals Corp.
211 - 850 West Hastings Street
Vancouver, BC, V6C 1E1

August 27, 2018

To the Shareholders of
Pacific Empire Minerals Corp.

The accompanying unaudited condensed interim financial statements of Pacific Empire Minerals Corp. (the "Company") for the three months ended June 30, 2018 and 2017 have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company. These condensed interim financial statements have not been reviewed by the Company's external auditors.

Yours truly,

"Brad Peters"

President and Chief Executive Officer

PACIFIC EMPIRE MINERALS CORP.

(An Exploration Stage Company)
Statements of Financial Position
Unaudited – Prepared by Management

ASSETS	June 30, 2018	March 31, 2018
Current		
Cash	$ 1,286,901	$ 1,493,234
Prepaid expenditures	33,146	14,531
Receivables (Note 3)	95,619	62,174
Field Supplies	52,552	-
Marketable securities (Note 4)	10,089	1,711
Total current assets	1,478,307	1,571,650
Non-current		
Restricted cash (Note 5)	23,000	23,000
Equipment (Note 6)	164,957	166,558
Reclamation deposits (Note 7)	56,000	40,000
Exploration and evaluation assets (Note 8)	104,166	61,136
Total non-current assets	348,123	290,694
TOTAL ASSETS	$ 1,826,430	$ 1,862,344
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 12)	$ 128,478	$ 141,411
Total current liabilities	128,478	141,411
SHAREHOLDERS' EQUITY		
Share Capital (Note 10)	3,488,407	3,276,122
Reserves	311,714	292,440
Deficit	(2,102,169)	(1,847,629)
TOTAL SHAREHOLDERS' EQUITY	1,697,952	1,720,933
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 1,826,430	$ 1,862,344

Nature of Operations and Ability to Continue as a Going Concern (Note 1)
Events after the Reporting Date (Note 16)

These condensed interim financial statements were authorized for issuance by the Board of Directors on August 27, 2018.

Approved on behalf of the Board of Directors

"Brad Peters" , Director *"Larry Donaldson"* , Director

The accompanying notes are an integral part of these condensed interim financial statements.

PACIFIC EMPIRE MINERALS CORP.

(An Exploration Stage Company)
Condensed Interim Statements of Changes in Shareholders' Equity
Unaudited – Prepared by Management

	Number of common shares		Share capital		Reserves		Deficit		Total
Balance as at March 31, 2017	19,028,850	$	1,750,366	$	20,126	$	(1,193,550)	$	576,942
Shares issued for cash	765,000		76,500		-		-		76,500
Share issuance costs - cash	-		(413)		-		-		(413)
Share - based compensation	-		-		7,735		-		7,735
Loss for the period	-		-		-		(205,206)		(205,206)
Balance as at June 30, 2017	19,793,850	$	1,826,453	$	27,861	$	(1,398,756)	$	455,558
Balance as at March 31, 2018	29,793,850	$	3,276,122	$	292,440	$	(1,847,629)	$	1,720,933
Shares issued for mineral properties	200,000		32,000		-		-		32,000
Share issued for cash	1,000,000		200,000		-		-		200,000
Share issue costs - cash			(14,493)		-		-		(14,493)
Share issue costs - warrants	-		(5,222)		5,222		-		-
Share - based compensation	-		-		14,052		-		14,052
Loss for the period	-		-		-		(254,540)		(254,540)
Balance as at June 30, 2018	30,993,850	$	3,488,407	$	311,714	$	(2,102,169)	$	1,697,952

The accompanying notes are an integral part of these condensed interim financial statements.

PACIFIC EMPIRE MINERALS CORP.

(An Exploration Stage Company)
Condensed Interim Statements of Loss and Comprehensive Loss
Unaudited – Prepared by Management

Three Months Ended		June 30, 2018		June 30, 2017
EXPLORATION EXPENDITURES (Note 9)	$	132,186	$	140,029
Less: Recoveries (Note 9)		(19,622)		(7,962)
Net exploration expenditures		112,564		132,067
GENERAL AND ADMINISTRATIVE EXPENSES				
Administrative and office		27,493		11,097
Amortization (Note 6)		8,518		770
Investor relations and shareholder communication		23,032		9,529
Management fees (Note 12)		30,000		8,700
Professional fees		12,917		15,512
Consulting fees (Note 12)		29,000		20,550
Share - based compensation (Note 12)		14,052		7,735
Travel		459		125
Total general and administrative expenses		145,471		74,018
Loss from operations		(258,035)		(206,085)
Option revenue (Note 8)		4,000		-
Foreign exchange loss		(435)		(164)
Interest income		552		421
Fair value adjustments on marketable securities		(622)		622
Loss and comprehensive loss for the period	$	(254,540)	$	(205,206)
Basic and diluted loss per common share	$	(0.01)	$	(0.01)
Weighted average number of common shares outstanding		30,708,136		19,162,946

The accompanying notes are an integral part of these condensed interim financial statements.

PACIFIC EMPIRE MINERALS CORP.

(An Exploration Stage Company)
Condensed Interim Statements of Cash Flows
Unaudited – Prepared by Management

Three Months Ended		June 30, 2018		June 30, 2017
Cash flows from operating activities				
Loss for the period	$	(254,540)	$	(205,206)
Item not affecting operating activities:				
Interest income received		(552)		-
Items not affecting cash:				
Amortization		8,518		770
Fair value adjustments on marketable securities		622		(622)
Option revenue (Note 8)		(4,000)		-
Share - based compensation		14,052		7,735
Accrual for exploration tax credits		(19,622)		-
Changes in non-cash working capital items:				
Receivables		(13,823)		12,610
Prepaid expenses		(18,615)		(15,529)
Accounts payable and accrued liabilities		(13,676)		31,788
Field Supplies		(52,552)		-
Total cash used in operating activities		(354,188)		(168,454)
Cash flows from investing activities				
Acquisition of exploration and evaluation assets		(16,030)		-
Interest received on cash and cash equivalents		552		-
Purchase of equipment		(6,917)		-
Deposits paid on equipment		-		(1,000)
Purchase of reclamation deposits		(16,000)		(13,000)
Total cash used in investing activities		(38,395)		(14,000)
Cash flows from financing activities				
Proceeds from the sale of common shares		200,000		76,500
Share issuance costs		(13,750)		(413)
Deferred financing costs		-		(40,061)
Total cash provided by financing activities		186,250		36,026
Change in cash		(206,333)		(146,428)
Cash, beginning of the period		1,493,234		425,478
Cash, end of the period	$	1,286,901	$	279,050

Supplemental disclosure with respect to cash flows (Note 15)

The accompanying notes are an integral part of these condensed interim financial statements.

1. NATURE OF OPERATIONS AND ABILITY TO CONTINUE AS A GOING CONCERN

Pacific Empire Minerals Corp. (the "Company" or "Pacific Empire"), was incorporated on July 13, 2012 under the *Business Corporations Act* (British Columbia). The Company's head office address is at Suite 211, 850 West Hastings Street, Vancouver, British Columbia V6C 1E1, Canada and its registered and records office is located at DuMoulin Black LLP, 10th Floor – 595 Howe Street, Vancouver, British Columbia V6C 2T5, Canada. The Company's principal business activities are the acquisition and exploration of mineral properties in Canada.

These condensed interim financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern, which assumes that the Company will be able to realize its assets, discharge its liabilities and continue in operation for the following twelve months.

These financial statements are prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from the carrying values shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. The Company's continuing operations and the ability of the Company to meet mineral property and other commitments are dependent upon the ability of the Company to continue to raise additional equity or debt financing and to find joint venture partners. At the date of these financial statements, the Company has not identified whether any of its properties contain ore reserves that are economically recoverable. At June 30, 2018, the Company has not achieved profitable operations and has accumulated losses since inception.

With its current plans for the next 12 months, and the budgets associated with those plans, management believes that the Company will have sufficient working capital to fund activities for the ensuing twelve months.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These condensed interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of Measurement and Presentation

These financial statements have been prepared on a historical cost basis except for financial instruments measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information. These financial statements are presented in Canadian dollars ("CAD"), which is also the Company's functional currency.

Significant Accounting Policies

The accounting policies applied by the Company in these condensed interim financial statements are consistent with those applied in its annual audited financial statements and related note disclosures as at and for the year ended March 31, 2018, and do not include all the information required for full annual audited financial statements in accordance with IFRS.

It is suggested that these condensed interim financial statements be read in conjunction with the annual audited financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting Standards Adopted During the Period

Financial instruments

Effective April 1, 2018, the Company adopted IFRS 9 – Financial Instruments ("IFRS 9") which replaced IAS 39 – Financial Instruments: Recognition and Measurement. IFRS 9 provides a revised model for recognition and measurement of financial instruments and a single, forward-looking 'expected loss' impairment model. IFRS 9 also includes significant changes to hedge accounting. The standard is effective for annual periods beginning on or after January 1, 2018. The adoption of IFRS 9 did not result in any changes to the classification, measurement or carrying amounts of the Company's existing financial instruments on the transition date.

IFRS 9 largely retains the existing requirements in IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39") for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables, and available-for-sale.

Under IFRS 9, on initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at amortized cost, fair value through other comprehensive income ("FVOCI"), or fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL.

Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated, and instead the hybrid financial instrument as a whole is assessed for classification. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income (loss). This election is made on an investment-by-investment basis.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to initial recognition and how changes in value are recorded. The following accounting policies apply to the subsequent measurement of financial assets.

a) Financial assets at FVTPL - These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

b) Financial assets at amortized cost - These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

c) Financial assets at FVOCI - These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Gains or losses recognized on the sale of the equity investment are recognized in other comprehensive income (loss) and are never reclassified to profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities are designated as either fair value through profit or loss, or other financial liabilities. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the consolidated statement of financial position subsequent to inception and how changes in value are recorded. Other financial liabilities are carried on the consolidated statement of financial position at amortized cost.

The Company completed an assessment of its financial instruments as at April 1, 2018. The following table shows the new classification under IFRS 9 and the original classification under IAS 39:

	NEW (IFRS 9)	Original (IAS 39)
Financial Assets		
Cash	Amotized cost	FVTPL
Restricted Cash	Amotized cost	FVTPL
Receivables	Amotized cost	Loans and receivables
Marketable securities	FVTPL	FVTPL
Reclamation Deposits	Amotized cost	Amotized cost
Financial Liabilities		
Accounts payuabke and accrued liabilities	Amotized cost	Other financial liabilites

IFRS 9 introduces a new three-stage expected credit loss model for calculating impairment for financial assets. IFRS 9 no longer requires a triggering event to have occurred before credit losses are recognized. An entity is required to recognize expected credit losses when financial instruments are initially recognized and to update the amount of expected credit losses recognized at each reporting date to reflect changes in the credit risk of the financial instruments. In addition, IFRS 9 requires additional disclosure requirements about expected credit losses and credit risk. There was no adjustment relating to the implementation of the expected credit loss model for the Company's trade receivables.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

Accounting Pronouncements not yet Effective

The following standards and pronouncements have been issued by the IASB and have not yet been adopted by the Company. The Company is currently evaluating the impact the new and amended standards are expected to have on its financial statements. On initial assessment, the Company does not expect any material reporting changes as a result of adopting the new standards, however, there may be enhanced disclosure requirements.

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers ("IFRS 15"), which supersedes IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers, and SIC 31 Revenue - Barter Transactions involving Advertising Services. IFRS 15 establishes a single five-step model framework for determining the nature,

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted.

IFRS 16 Leases was issued in January 2016 (effective January 1, 2019) and provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.

3. RECEIVABLES

As at June 30, 2018 and March 31, 2018, receivables consist of the following:

	June 30, 2018	March 31, 2018
Goods and services tax receivable	$ 36,647	$ 22,824
Mineral exploration tax credits	58,972	39,350
	$ 95,619	$ 62,174

Subsequent to the three months ended June 30, 2018, the Company received $20,611 related to GST.

4. MARKETABLE SECURITIES

As at June 30, 2018 and March 31, 2018, the Company had the following investments:

	June 30, 2018	March 31, 2018
Fair value through profit or loss		
Cost	$ 27,200	$ 18,200
Accumulated unrealized loss	(17,111)	(16,489)
Fair value	$ 10,089	$ 1,711

5. RESTRICED CASH

At June 30, 2018, the Company classified $23,000 (March 31, 2018 - $23,000) as restricted cash. This amount is comprised of a GIC held as a deposit for its corporate credit cards.

6. EQUIPMENT

	Computer equipment and software	Field equipment	Vehicles and related equipment	Total
Cost				
As at March 31, 2018	$ 16,862	$ 132,918	$ 26,959	$ 176,739
Additions	3,610	3,307		6,917
As at June 30, 2018	20,472	136,225	26,959	183,656
Accumulated amortization				
As at March 31, 2018	10,181	-	-	10,181
Additions	524	7,994	-	8,518
As at June 30, 2018	$ 10,705	$ 7,994	$ -	$ 18,699
Net book value				
As at March 31, 2018	$ 6,681	$ 132,918	$ 26,959	$ 166,558
As at June 30, 2018	$ 9,767	$ 128,231	$ 26,959	$ 164,957

Subsequent to the three months ended June 30, 2018, the Company purchased 2 compressors, a compressor booster unit, and a trailer for the compressors for $190,452.

7. RECLAMATION DEPOSITS

Reclamation deposits are held as security towards future exploration work and the related future potential cost of reclamation of the Company's land and unproven mineral interests. Once reclamation of the properties is complete, the deposits will be returned to the Company. As at June 30, 2018, $56,000 (2018 - $40,000) is being held as security on the Company's claims.

8. EXPLORATION AND EVALUATION ASSETS

Properties	June 30, 2018	Option payments received	Mineral titles and Option payments	March 31, 2018
Pinnacle Reef	$ 31,423	$ -	$ -	$ 31,423
Hogem	1,635	-	-	1,635
Kitimat	8,339	-	-	8,339
Bull's Eye	1,438	-	1,438	-
Bulkley	4,192	-	4,192	-
Copper King	6,473	-	-	6,473
Moffat	7,157	-	7,157	-
Nub East	2,492	-	-	2,492
Red	2,300	-	-	2,300
Tak	1,914	-	-	1,914
Stars	-	(5,000)	-	5,000
Wasp	3,242	-	3,242	-
Wildcat	33,560	-	32,000	1,560
	$ 104,166	$ (5,000)	$ 48,030	$ 61,136

8. EXPLORATION AND EVALUATION ASSETS (continued)

Changes during the three months ended June 30, 2018 include:

- Pursuant to an option agreement entered into in February 2017 with a private title holder to acquire a 100% interest in the Wildcat property, the Company issued 200,000 common shares valued at $32,000;
- Pursuant to an option agreement entered into in November 2017 with ML Gold Corp. ("ML Gold"), the Company received 100,000 common shares of ML Gold valued at $9,000; and
- The Company acquired a 100% interest by staking the Bull's Eye, Bulkley, and Moffat claims in the Omineca Mining Division of British Columbia.

STARS

During the year ended March 31, 2018, the Company signed an option agreement with ML Gold for the Stars Project. ML Gold can earn up to a 30% interest in the 50% interest held by the Company. As consideration for the option, ML Gold will make aggregate cash payments in the amount of $80,000 and issue a total of 600,000 common shares to the Company over a two-year period and will incur a minimum of $4,500,000 in exploration expenditures on the Project over a three-year period as follows:

- Making a cash payment of $10,000 (paid) upon signing of the agreement and issuing to the Company 100,000 (received June 5, 2018) common shares of ML Gold within 10 days of receiving TSX-V approval;
- Making a cash payment of $20,000, incurring $500,000 (completed) in expenditures, and issuing to the Company 200,000 common shares by the first anniversary date;
- Making a cash payment of $50,000, incurring $1,000,000 in expenditures ($1,500,000 cumulative), and issuing to the Company 300,000 common shares by the second anniversary date; and
- Incurring $3,000,000 in expenditures ($4,500,000 cumulative) by the third anniversary date;

The Company will have a carried interest in the Project until completion of a Pre-Feasibility Study, after which point a Joint Venture will commence.

PINNACLE REEF

During the year ended March 31, 2017, the Company entered into an agreement with ML Gold, whereby the Company granted ML Gold the option to acquire up to a 70% interest in the Pinnacle Reef property. Pursuant to the agreement, ML Gold can earn an initial 51% interest in the property over a 4-year option term by completing $2,000,000 in exploration expenditures on the property and issuing to the Company 1,000,000 common shares of ML Gold as follows:

- Incurring $150,000 (incurred) in expenditures by the first anniversary of the TSX-V approval date;
- Incurring $250,000 (incurred) in expenditures and issuing to the Company 200,000 (received subsequent to June 30, 2018) common shares by the second anniversary of the TSX-V approval date;
- Incurring $600,000 (incurred) in expenditures and issuing to the Company 300,000 common shares by the third anniversary of the TSX-V approval date; and
- Incurring $1,000,000 in expenditures and issuing to the Company 500,000 common shares by the fourth anniversary of the TSX-V approval date.

8. EXPLORATION AND EVALUATION ASSETS (Continued)

Upon completion of the 51% earn-in, ML Gold can earn an additional 19% interest in the property by issuing an additional 500,000 common shares to the Company and incurring a further $3,000,000 in property expenditures within 2 years of the exercise of the option.

9. EXPLORATION EXPENDITURES

During the three months ended June 30, 2018, the Company incurred the following exploration expenditures, which were expensed as incurred:

	Wildcat	Red	Kitimat	Moffat	Other*	Total
Administration Cost	$ 890	$ -	$ -	$ -	$ 543	$ 1,433
Geophysics	-	-	-	9,100	-	9,100
Logistics	3,898	5,727	4,646	-	-	14,271
Personnel	46,844	13,956	14,748	3,400	4,390	83,338
Travel	6,689	8,406	4,859	1,078	3,012	24,044
Total Expenditures	58,321	28,089	24,253	13,578	7,945	132,186
Exploration tax credits**	(9,784)	(3,664)	(4,086)	-	(2,088)	(19,622)
Total Recoveries	(9,784)	(3,664)	(4,086)	-	(2,088)	(19,622)
Net Expenditures	$ 48,537	$ 24,425	$ 20,167	$ 13,578	$ 5,857	$ 112,564

* Components of "Other" exploration expenditures for the three months ended June 30, 2018 were Copper King - $713; Pinnacle Reef - $800; Stars - $1,427; and general target generation - $5,005.

During the three months ended June 31, 2017, the Company incurred the following exploration expenditures, which were expensed as incurred:

	Pinnacle Reef	Copper King	Red	Wildcat	Other*	Total
Administration Cost	$ -	$ -	$ 90	$ 28	$ -	$ 118
Geophysics	-	-	-	495	81	576
Logistics	821	-	607	116,327	-	117,755
Personnel	4,200	1,950	3,400	8,550	750	18,850
Travel	41	-	296	2,393	-	2,730
Total Expenditures	5,062	1,950	4,393	127,793	831	140,029
Exploration tax credits**	-	-	-	-	(7,962)	(7,962)
Total Recoveries	-	-	-	-	(7,962)	(7,962)
Net Expenditures	$ 5,062	$ 1,950	$ 4,393	$ 127,793	$ (7,131)	$ 132,067

* Components of "Other" exploration expenditures for the three months ended June 30, 2017 were Kitimat - $381; Hogem - $300 and Nub East- $150.

** All of the Company's exploration activities are located in British Columbia, Canada. As such, the Company is eligible for the Mining Exploration Tax Credit on qualifying expenditures. The credit is 20% of the qualifying expenditures, and an enhanced 30% credit is available for expenditures incurred in Mountain Pine Beetle affected areas. For the purposes of financial reporting, the Company has accrued a credit at the 20% qualifying rate on expected qualifying expenditures. Actual credits and refunds may differ from reported above.

10. EQUITY

Authorized

The Company is authorized to issue an unlimited number of common shares and preferred shares without par value.

Share Capital

No preferred shares have been issued from incorporation to June 30, 2018.

During the three months ended June 30, 2018:

The completed a non-brokered private placement of 1,000,000 units of the Company at a price of $0.20 per Unit with each Unit comprised of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at an exercise price of $0.30 per share for a period of 36 months until April 24, 2021. In consideration for arranging the private placement, the Company paid finder's fees of $12,000 paid in cash and through the issuance of 60,000 finder's warrants valued at $5,222. Each finder's warrant entitles the holder to purchase one common share in the capital of the Company at an exercise price of $0.30 per share until April 24, 2021. The fair value of the finder's warrants issued as part of the private placement were estimated as of the date of the issuance using the Black-Scholes pricing model with the following assumptions: risk-free interest rate of 2.02%, dividend yield of 0%, volatility of 100% and an expected life of 3 years. The Company paid an additional $2,493 in legal and regulatory costs related to the private placement.

Pursuant to an option agreement entered into in February 2017 with a private title holder to acquire a 100% interest in the Wildcat property, the Company issued 200,000 common shares valued at $32,000 or $0.16 per share. The common shares were value using the available market price on the issuance day (Note 8).

During the three months ended June 30, 2017:

The Company completed private placements of $76,500 through the issuance of 765,000 common shares at a price of $0.10 per common share with two directors of the Company and one employee of Seabord Services Corp., a consultant to the Company. The Company paid $413 in share issue costs for filing fees and legal expenses in connection with the financings.

Stock Option Plan

As at June 30, 2018, the Company had a stock option plan that allows the Board of Directors to grant incentive stock options to the Company's officers, directors, related company employees and consultants to purchase up to that number of common shares equal to 10% of its outstanding shares for a term of up to ten years. The exercise price of each option is to be not less than the fair market value of the Company's stock as determined by the Plan administrator. The vesting terms are determined at the time of the option grant.

On August 25, 2017, the Board of Directors approved a new stock option plan to replace its existing stock option plan for the purpose of complying with TSX-V requirements in connection with the IPO. Under the new stock option plan, among other things, options granted to investor relations personnel vest in accordance with TSX-V regulations.

There were no changes to the stock options outstanding during the three months ended June 30, 2018

10. EQUITY (Continued)

During the three months ended June 30, 2017, the Company granted 1,100,000 incentive stock options to management, directors and consultants of the Company pursuant to the Company's stock option plan.

The following table summarizes the stock options outstanding and exercisable at June 30, 2018:

Date Granted	Number of Options	Exercisable	Exercise Price $		Expiry Date
May 27, 2015	65,000	48,750	$	0.15	May 27, 2020
May 27, 2015	240,000	180,000	$	0.20	May 27, 2020
June 7, 2016	100,000	50,000	$	0.15	June 7, 2021
June 23, 2017	1,100,000	1,100,000	$	0.20	June 23, 2022
July 4, 2017	150,000	112,500	$	0.20	July 4, 2022
March 20, 2018 - Broker options	700,000	700,000	$	0.20	March 20, 2021
	2,355,000	2,191,250			

* stock options vest 25% every year beginning one year after the date of grant. Prior to the IPO, the exercise price for 240,000 options granted to officers of the Company was increased to $0.20 per common share.
** stock options vest 25% every year beginning one year after the date of grant.
*** stock options vest 25% every quarter starting 3 months from date of grant.
**** Broker's options are exercisable into a unit, consisting of one common share and one common share purchase warrant, consistent with the units issued as part of the Company's IPO.

The weighted average remaining life of the stock options exercisable is 3.34 years (March 31, 2018 – 3.60 years).

Share-based Payments

For the three months ended, the Company recorded share-based payment expense of $14,052 (2017 - $7,735), which represents the fair value of options vested during the period with the offsetting amount credited to reserves.

The weighted average fair value of the stock options granted during the three months ended June 30, 2018 was $Nil per stock option (2017 - $0.15 per stock option). The fair value of stock options granted was estimated using the Black-Scholes option pricing model with weighted average assumptions as follows: risk-free interest rate of Nil (2017 – 1.56%), dividend yield of Nil (2017 – 0%), volatility of Nil (2017 - 100%), forfeiture rate of Nil (2016 – 0%) and an expected life of Nil (2017 – 5 years).

Warrants

The changes in warrants outstanding are as follows:

	Number of Warrants	Weighted Average Exercise Price	
Balance, March 31, 2018	10,000,000	$	0.30
Granted	1,060,000		0.30
Balance, June 30, 2018	11,060,000	$	0.30

10. EQUITY (Continued)

The following table summarizes the warrants outstanding and exercisable at June 30, 2018:

Date Granted	Number of Warrants		Exercise Price	Expiry Date
March 20, 2018 - IPO Warrants	10,000,000	$	0.30	March 20, 2021
April 24 , 2018 Private Placement	1,000,000	$	0.30	April 24, 2021
April 24 , 2018 Finders' Warrants	60,000	$	0.30	April 24, 2021

11. SEGMENTED INFORMATION

The Company operates in a single reportable operating segment, being the acquisition and exploration of mineral properties. As such, all of the Company's equipment and exploration and evaluation assets are located in Canada.

12. RELATED PARTY TRANSACTIONS AND BALANCES

The Company entered into certain transactions with key management personnel, which the Company has defined as Officers and Directors of the Company. The aggregate value of these transactions and outstanding balances are as follows:

Three Months Ended		June 30, 2018		June 30, 2017
Exploration expenditures				
President*	$	2,400	$	3,900
Vice President, Exploration*		23,800		13,350
General and Administrative expenditures				
President*		23,200		14,700
Vice President, Exploration*		5,800		5,850
Seabord Services Corp.**		30,000		8,700
Share - based compensation				
Management and directors		9,036		5,234
Seabord Services Corp.**		1,806		692
	$	96,042	$	52,426

Amounts due to related parties as of June 30, 2018 and March 31, 2018 are as follows:

Related party liabilities	Items or services		June 30, 2018		March 31, 2018
President	Management fees and reimbursable expenses	$	8,820	$	9,240
Vice President, Exploration	Management fees and reimbursable expenses		10,920		12,996
		$	19,740	$	22,236

*BJP Consulting and Rory Ritchie Geological Consulting are controlled by Brad Peters, President and Chief Executive Officer, and Rory Ritchie, Vice-President, Exploration respectively.

12. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

** Seabord Services Corp. ("Seabord") provides the following services: a Chief Financial Officer ("CFO"), a Corporate Secretary, accounting and administration staff, and office space to the Company. The CFO and Corporate Secretary are employees of Seabord and are not paid directly by the Company.

There were no changes to the Company's Board of Directors or management during the period ended June 30, 2018.

13. FINANCIAL AND CAPITAL RISK MANAGEMENT

Financial Risk Management

The Company's financial instruments are exposed to certain financial risks, which include currency risk, credit risk, liquidity risk, interest rate risk, and market risk.

Currency Risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. Although the Company operates only in Canada and all expenditures are incurred in Canadian dollars, U.S. dollars are sometimes held by the Company. As at June 30, 2018, the Company did not hold a significant balance of U.S. dollars. Therefore, a change in the currency exchange rates between the Canadian dollar relative to the U.S. dollar would have an immaterial effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations.

Credit Risk

Credit risk arises from cash as well as credit exposures to counterparties of outstanding receivables and committed transactions. There is no concentration of credit risk other than on cash deposits and receivables. The Company's cash deposits are primarily held with a Canadian chartered bank. Further, receivables comprise amounts due from the federal government. Therefore, credit risk is considered low.

Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities and the ability to pay obligations as they fall due. Financial liabilities, at June 30, 2018, included $108,739 of accounts payable and accrued liabilities, and $19,740 in amounts due to related parties. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Interest Rate Risk

When the Company has sufficient cash, it will invest in term deposits which can be reinvested without penalty after thirty days should interest rates rise. As at June 30, 2018 and March 31, 2018, the Company did not have any interest-bearing loans. Accordingly, the Company does not have significant interest rate risk.

Market risk

The Company is exposed to market risk because of the fluctuating values of its publicly traded marketable securities. The Company has no control over these fluctuations and does not hedge its investments. Based on the June 30, 2018 value of marketable securities every 10% increase or decrease in the share prices of these companies would have an immaterial impact on income (loss) for the period before income taxes.

13. FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

Management of Capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties. The Company relies mainly on equity issuances to raise new capital and on entering into joint venture agreements on certain properties which enables it to conserve capital and to reduce risk. In the management of capital, the Company includes the components of shareholders' equity as well as cash. The Company prepares annual estimates of exploration and administrative expenditures and monitors actual expenditures compared to the estimates. The Company's investment policy is to invest its cash in savings accounts or highly liquid short-term deposits with terms of one year or less and which can be liquidated after thirty days without interest penalty. There has been no change in approach to managing capital during the period ended June 30, 2018 and the Company believes with its current plans in place, it will have sufficient capital to fund its administrative and exploration expenditures for the next twelve months. The Company is not subject to externally imposed capital requirements.

14. FINANCIAL INSTRUMENTS BY CATEGORY

The Company classified its financial instruments as follows:

	June 30, 2018	March 31, 2018
Financial assets		
Amortized cost:		
Cash	$ 1,286,901	$ 1,493,234
Restricted Cash	23,000	23,000
Receivables	95,619	62,174
Reclamation Deposits	56,000	40,000
Fair value through profit or loss:		
Marketable securities	10,089	1,711
	$ 1,471,609	$ 1,620,119
Financial liabilities		
Amortized cost:		
Accounts payable and accrued liabilities	$ 128,478	$ 141,411

Fair Values

Financial instruments measured at fair value on the statement of financial position are summarized into the following fair value hierarchy levels:

a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
c) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial instruments which are measured using the fair value hierarchy include marketable securities which are categorized as level 1.

The carrying values of cash, restricted cash, receivables, reclamation deposits, and accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments.

15. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash investing and financing transactions during the three months ended June 30, 2018 included:

- Reduced mineral properties by $5,000, and recorded option revenue of $4,000 related to 100,000 common shares of ML Gold received pursuant to the Stars property agreement (Note 8);
- Recorded the issuance of 200,000 common shares valued at $32,000 pursuant to the Wildcat property agreement (Note 8);
- Reclass of $743 in share issue costs included in accounts payable and accrued liabilities as at March 31, 2018; and
- The recording of $5,222 in capital stock and reserves related to the fair value of brokers warrants (Note 10).

There were no significant non-cash investing and financing transactions during the three months ended June 30, 2017.

There was no interest or tax paid during the three months ended June 30, 2018 and 2017.

16. EVENTS AFTER THE REPORTING DATE

Subsequent to the three months ended June 30, 2018:

- The Company granted 225,000 stock options to consultants of the Company. Each stock option entitles the holder to purchase one common share in the capital of the Company at an exercise price of $0.20 per share until July 24, 2021; and
- Received 200,000 common shares of ML Gold pursuant to an option agreement entered into in July 2016 related to the Pinnacle Reef project.